

long term
in change
18 September 1957

Assistant Director for Research and Reports

THRU : Chief, Economic Research Area
Chief, Materials Division, ORR

Soviet Proposal for Long Term Exchanges

1. Mr. Zarouhin, Soviet Ambassador to the U.S., recently presented a memorandum to Ambassador Lacy of the State Department proposing the initiation of exchanges in certain fields lasting for a period of from three to six months (copy attached). This proposal was discussed at the 17 September meeting of the Ad Hoc committee on exchanges, which the undersigned attended.

25X1A9a

2. [REDACTED] Chairman, asked the State representative to comment on the support State would need from the intelligence community in considering this proposal. Mr. Buford replied that the Soviet motivation in proposing the longer term exchanges was probably to get greater technological gain than could be secured from shorter exchanges. The department felt, nonetheless, that the Soviet proposal should be given serious consideration. The department felt that the maximum period of a long term exchange would probably be three months rather than six months. Mr. Buford suggested that the proposed exchanges be listed in order of priority from the intelligence point of view. Similarly, ways of minimizing the Soviet technological gain ought to be considered. State felt that it might be necessary, in order to stimulate industry interest, to have the White House call a conference of leading industrialists, since trips of as much as three months would probably not pay off from a company's own individual point of view.

3. The committee agreed that the espionage implications of the proposed exchanges for both sides should be considered, but not by the Ad Hoc Committee.

4. When asked to comment, I stated that a real consensus had not yet developed in ORR regarding the net advantage from long term exchanges. One of the reasons for this condition was the broadness and vagueness of the Soviet proposal. For example, the chemical industry covers many diverse activities, some of which might yield profitable exchanges and some of which might not do so. Also, Soviet technological gain becomes a paramount consideration in long term exchanges as opposed to short term exchanges. Even in short term exchanges it is difficult to balance a U.S. intelligence gain against

~~SECRET~~

SUBJECT: Soviet Proposal for Long Term Exchanges

a Soviet technological gain; long term exchanges make this balancing even more difficult. Moreover, it would probably be very difficult to persuade the desired kind of US representatives to absent themselves from their companies for three to six months. Finally, a number of short term exchanges in some of the fields mentioned in the Zaroubin memorandum are now stalled. A number of our people thought that the shorter exchanges should be accomplished first, and that one or two long term exchanges should be tried for size before a comprehensive program was laid on. I summarized by saying that it was difficult at this stage to make definite statements, but that probably there were arrangements possible in each of these areas (with respect to itineraries, people to be sent, information to be furnished, etc.) which could produce a net advantage to the US. I suggested in this connection that the reciprocity need not be on a strict quid pro quo basis, i.e., that in exchange for a Soviet visit to the US petroleum industry we might ask for a visit to a regional economic council.

5. Various members of the committee mentioned railroads, shipbuilding, banking, civil air, and general economics as fields which the US might propose for addition to the Zaroubin list.

6. The committee concluded by deciding to ask each of the appropriate EEC subcommittees to comment on the probable net advantage in each of the exchanges proposed in the Zaroubin memorandum. [REDACTED] 25X1A9a recognized that these statements would have to be highly tentative at this stage of the game. He stated that they were needed, however, for a US-USSR October meeting on the general subject of East-West exchanges, for which the USSR has already proposed an agenda (copy attached).

[REDACTED] 25X1A9a

Enclosures:

- (1 copy each --
sent with orig.)
- 1. Zaroubin memo
- 2. USSR proposed agenda

Distribution:

- Orig. and 1 - AD/RR
- 1 - Ch/E
- 2 - D/M

- cc: 1 - D/I
- 1 - D/A
- 1 - D/S

ORR: [REDACTED] 1ar/3011 (18 Sept 57) 25X1A9a

~~SECRET~~